

NEXT SCIENCE®

NEXT SCIENCE LIMITED

Remuneration and Nomination Committee Charter

1 Role of the Committee

The Board of Next Science Limited (the **Company**)(**Board**) has established the Remuneration and Nomination Committee with the powers set out in this Charter as delegated in accordance with rule 77 of the Company's Constitution.

The purpose of the Committee is to assist the Board in ensuring that:

- (a) the Company and its controlled entities (the **Group**) have remuneration policies and practices which:
 - a. enable the Group to fairly and responsibly attract, retain and motivate employees and directors;
 - b. reward employees fairly and responsibly having regard to Group performance, individual performance and current remuneration conditions; and
 - c. comply with the law and the ASX Listing Rules;
- (b) the Board has and maintains an appropriate balance of skills, knowledge, experience, expertise, independence, diversity and commitment to enable it to discharge its responsibilities and duties effectively; and
- (c) the Company has in place an appropriate process for periodically evaluating the performance of the Board, its committees, each Director and senior executives.

In discharging its duties, the Committee will seek to coordinate its activities with the Audit and Risk Committee where appropriate. The Chairman of the Committee must liaise with the Chairman of the Audit and Risk Committee on an ongoing basis to ensure that no material matter coming within their charters is overlooked by the two Committees.

2 Composition of the Committee

2.1 Membership

The members of the Committee will be appointed by the Board and the Committee should consist of:

- (a) only non-executive Directors of the Company;
- (b) at least three members, the majority of whom are independent¹; and
- (c) a chairman appointed by the Board who is an independent Director and is not Chairman of the Board.

The Board will decide appointments, rotations and resignations within the Committee having regard to the ASX Listing Rules, the prevailing edition of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" and the Company's Constitution.

2.2 Expertise

In selecting the members of the Committee, the Board will take into consideration the desirability of all members of the Committee having a sound understanding of remuneration policies and practices.

2.3 Secretary

The Company Secretary will act as Secretary to the Committee.

1. In this Charter, "independent" means assessed by the Board to be independent in accordance with the Board Charter.

3 Responsibilities

3.1 Remuneration

3.1.1 General

The Committee will:

- (a) have the power to approve, or if it considers it appropriate, review and refer to the Board for final decision, the Company's remuneration policy and remuneration practices generally;
- (b) oversee the formulation and review of the Company's recruitment, organisational development, retention, succession and termination policies generally;
- (c) consider whether, and if so when, shareholder approval is required in respect of any remuneration matter; and
- (d) ensure that the Company meets its obligations under the ASX Listing Rules and the Corporations Act in respect of remuneration matters including without limitation ASX disclosure obligations; and
- (e) review the Company's annual remuneration report to ensure that it complies with the *Corporations Act 2001* (Cth) and recommend the report to the Board for approval and inclusion in the directors report; and
- (f) undertake any other remuneration related duties or activities which the Board may delegate to it.

3.1.2 Diversity

The Committee will annually review and make recommendations to the Board on:

- (a) the Company's diversity policies and practices and diversity strategy; and
- (b) the Company's diversity objectives and progress towards achievement of the objectives.

3.1.3 Managing Director

The Committee will make recommendations to the Board on:

- (a) the remuneration of the Managing Director and any other executive Directors; and
- (b) the criteria for the evaluation of the performance of the Managing Director and any other executive Director.

3.1.4 Direct reports to the Managing Director

The Committee will:

- (a) review and make recommendations to the Board on, arrangements for executives reporting to the Managing Director including contractual terms, annual remuneration and participation in any incentive plans;
- (b) review and approve remuneration arrangements for any other executives who are not the Managing Director or a direct report to the Managing Director, including contractual terms, annual remuneration and participation in any incentive plans having regard to the Delegation of Authority established by the Board;
- (c) review and make recommendations to the Board on the appointment and removal of executives who report directly to the Managing Director;

- (d) oversee the processes for the performance evaluation of the executives reporting to the Managing Director and review the results of that performance evaluation process; and
- (e) review and make recommendations to the Board on executive development.

3.1.5 Incentive plans

The Committee will:

- (a) review and make recommendations to the Board in respect of the design and implementation of and any material changes to:
 - cash based incentive plans; and
 - employee equity based incentive plans;
- (b) make recommendations to the Board as to whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year and the terms of performance hurdles and other conditions and incentive pool amounts;
- (c) assess and recommend to the Board whether performance hurdles or other conditions have been satisfied in respect of a particular award and whether circumstances exist under which it would be appropriate for the Board to exercise any discretion reserved to it under the rules of the relevant plan; and
- (d) oversee the administration and operation of the plans including but not limited to determining any disputes and resolving any questions of fact or interpretation concerning any of the Company's incentive plans.

3.1.6 Non-executive director remuneration

The Committee will:

- (a) review annually the Chairman's fees and the non-executive Director fees being paid by the Company and obtain external advice on current market practice;
- (b) inform the Board of the results of its annual review and make recommendations to the Board on any changes it considers appropriate;
- (c) consider whether circumstances exist which make additional remuneration appropriate in the case of any individual non-executive Director; and
- (d) ensure that the total remuneration paid to non-executive Directors each year does not exceed the fee ceiling approved by shareholders in general meeting or under the Constitution.

3.1.7 Company Secretary

The Committee will review and make recommendations to the Board on the appointment, removal and remuneration arrangements of the Company Secretary.

3.2 Nomination

3.2.1 Board composition and succession planning

The Committee will:

- (a) review at least annually and report to the Board on:
 - the Board's balance of skills, knowledge, experience, expertise, independence, diversity and commitment and any gaps identified in the Board's collective skills which need to be addressed by professional development or the appointment of a new director; and
 - the desirable balance of skills, knowledge, experience, expertise, independence, diversity and commitment on the Board;

- (b) assess at least annually, or more frequently if a director's material interests or affiliations have changed, the independence of individual directors and make recommendations to the Board as to whether or not a director's status as an independent director has changed;
- (c) identify and evaluate Board candidates and recommend to the Board suitable individuals for appointment to the Board;
- (d) oversee the preparation of letters of appointment for new directors; and
- (e) review and make recommendations to the Board in respect of the re-election of Directors.

3.2.2 Board performance

The Committee will review and make recommendations to the Board in respect of the development and implementation of a process for evaluating the performance of the Board, Board committees and individual Directors.

3.2.3 Board appointment

The Committee will review and make recommendations to the Board in respect of the process for recruiting a new director including preparing a description of the desirable attributes of the new director.

3.2.4 New director induction program and director development

The Committee will review and make recommendations to the Board in respect of an effective induction program for new directors and a professional development program for directors.

3.2.5 Managing Director succession planning

The Committee will review and make recommendations to the Board in respect of succession plans for the Managing Director and oversee the development of succession plans for direct reports to the Managing Director.

3.3 Reporting

The Committee Chairman will:

- (a) report to the Board on the proceedings and resolutions of each Committee meeting at the following Board meeting; and
- (b) be available at the Company's Annual General Meeting to respond to any shareholder questions on the Company's Remuneration Report or the Committee's areas of responsibility.

4 Authority and Access

4.1 Access

In carrying out its responsibilities, the Committee will have unrestricted access:

- (a) to all employees of the Company and to the Company's financial, legal and other professional advisers; and
- (b) to all Company records,

except in circumstances where there is a conflict of interest.

4.2 External advisers

The Committee is authorised to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within the Committee's charter.

If the Committee wishes to engage external recruitment agencies or other advisers to identify and screen director candidates, the Committee will seek the approval of the Board prior to any such engagement.

5 Meetings

5.1 General

Pursuant to rule 77.4 of the Company's Constitution, the provisions of the Constitution applying to meetings and resolutions of Directors apply, so far as they can and with such changes as are necessary, to meetings and resolutions of a committee of Directors.

5.2 Meeting frequency

The Committee will meet at least twice each year and more frequently if it is considered necessary to fulfil the Committee's role.

5.3 Attendance

Directors who are not members of the Committee may attend Committee meetings except in circumstances where there is a conflict of interest.

The Committee may invite any person to attend all or part of a meeting of the Committee. The Managing Director will normally be invited to attend Committee meetings.

5.4 Committee Chair

In the absence of the Committee Chairman, the members shall elect one of their number who is an independent non-executive Director to chair the meeting.

6 Review

The Committee will review this Charter at least annually and any proposed changes will be recommended by the Committee to the Board for approval.

7 Approved and adopted

This Charter was adopted by the Board on 26 November 2018 and amended on 18 February 2019.